

Message Text

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22

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 H-02 INR-07 L-03 NSAE-00

NSC-05 PA-02 PRS-01 SP-02 SS-15 MC-02 /056 W

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R 090700Z DEC 76

FM AMEMBASSY OSLO

TO SECSTATE WASHDC 2890

INFO ASD WRIGHT PATTERSON AFB OHIO/F-16 SPO

F-16 CASEUR BRUSSELS BEL

SECDEF WASHDC/OASD/PA

USIA WASHDC

USCINCEUR VAIHINGEN GE/ECAP-1

CINCUSAFE RAMSTEIN GE/OI

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY COPENHAGEN

USMISSION NATO

JCS WASHDC

UNCLAS SECTION 1 OF 2 OSLO 6212

E.O. 11652: N/A

TAGS: SOPN, PFOR, MASS, NO

SUBJECT: MEDIA REACTION - F-16

1. COPENHAGEN DAILY "POLITIKKEN" WEEKEND STORY THAT COST OF DANISH F-16 "WOULD BE DOUBLE" ROUSED CONSIDERABLE MEDIA INTEREST IN NORWAY AND LED TO STORIES IN SEVERAL PAPERS ABOUT HOW MUCH NORWEGIAN F-16 MAY EVENTUALLY COST. PRESS SPECULATION, SOME OF WHICH TREATED IN SENSATIONAL MANNER, THAT SUPPORT COSTS WOULD BE HIGH NOW SEEMS TO HAVE BEEN DEFUSED BY STATEMENTS FROM MOD OFFICIALS, LEADING POLITICIANS, AND VISITING USAF GENERAL JAMES ABRAHAMSON, F-16 SYSTEMS PROJECT OFFICER.

2. FOLLOWING ARE SUMMARIES OF MAJOR STORIES APPEARING IN NORWEGIAN MEDIA DECEMBER 6-8:

A) NORWEGIAN NATIONAL RADIO (NRK) MORNING DEC. 6--
COPENHAGEN DAILY POLITIKKEN REPORTS THAT THE F-16 WILL
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COST TWICE AS MUCH AS EXPECTED WHEN PURCHASE CONTRACTS

WERE SIGNED. CHAIRMAN OF NORWEGIAN PARLIAMENT'S DEFENSE COMMITTEE SAYS PRICE INCREASES HAVE BEEN EXPECTED FOR SOME TIME. DEFENSE MINISTER ROLF HANSEN SAYS 30 PERCENT INCREASE WOULD BE REASONABLE IN LIGHT OF INCREASING COSTS AND INFLATION.

B) NORWAY'S LEADING DAILY AFTENPOSTEN, EVENING DEC. 6--DEFENSE MINISTER HANSEN CANNOT CONFIRM THAT F-16 COST WILL DOUBLE, BUT IT IS CLEAR AIRCRAFT WILL COST CONSIDERABLY MORE THAN THE PARLIAMENT ORIGINALLY PLANNED ON. SOME OF THE REASONS FOR THE INCREASED COST ARE RISES IN SUPPORT COSTS, THE NEED FOR MODIFICATIONS ON THE NORWEGIAN PLANE AND THE NEED FOR A GREATER STOCK OF SPARE PARTS THAN ORIGINALLY PLANNED.

C) RADICAL/LIBERAL DAILY DAGBLADET, DEC. 7--IT IS IMPOSSIBLE TO PREDICT THE SIZE OF THE PRICE SHOCK THAT WILL HIT NORWAY WHEN THE F-16 BILLS COME IN, BUT AVAILABLE FIGURES INDICATE INCREASES IN THE BILLION KRONER CLASS. UNDER SECRETARY OF DEFENSE HOLST SAYS SPARE PARTS WILL BE MORE EXPENSIVE, AND DAGBLADET BELIEVES THEY MAY COST 40 PERCENT MORE. WHAT'S MORE, WHEN ALL THE BILLS ARE PAID, WE WILL STILL HAVE A PLANE WITHOUT WEAPONS AND THE AIR-TO-SEA ROCKETS WE PLAN TO BUY ARE NOT CHEAP. LABOR MP EINAR FORDE, WHO VOTED AGAINST THE F-16 PURCHASE, SAID ONE OF THE PROBLEMS PARLIAMENT FACES IS INSUFFICIENT INFORMATION FROM THE GOVERNMENT AND PARTICULARLY FROM THE DEFENSE MINISTRY. PEACE RESEARCH INSTITUTE FELLOW SVERRE LODGAARD SAYS EXPERIENCE AND STUDIES SHOW THAT PRICE INCREASES ON WEAPONS SYSTEMS BECOME SIZEABLE WHEN PROJECTS ARE STILL IN THE DEVELOPMENT STAGE. PRICE HIKE FROM 100 TO 400 PERCENT ARE NOT UNCOMMON. MP FORDE SAYS PARLIAMENT IS NOT IN A POSITION TO REVERSE ITS DECISION TO BUY THE F-16, BUT "I HOPE WE ARE NOT SO FIRMLY COMMITTED THAT WE CANNOT DISCUSS THE NUMBER OF PLANES TO BUY."

D) AFTENPOSTEN, MORNING DEC. 7--PARLIAMENT DEFENSE COMMITTEE CHAIRMAN HYSING-DAHL SAYS HE DOES NOT EXPECT ANY DEMANDS IN NORWAY, LIKE THOSE IN DENMARK, TO RECONSIDER UNCLASSIFIED

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THE F16 PURCHASE. THOUGH THE PRICE INCREASE IS SERIOUS, HE SAYS, WE ARE FACED WITH A QUESTION OF WHETHER OR NOT WE WILL HAVE AN AIR FORCE. IT IS OUT OF THE QUESTION NOT TO HAVE PLANES AND THE FIGHTER PLANES WE NOW HAVE ARE BECOMING OBSOLETE AND WORN OUT. HYSING-DAHL SAYS HIS SUPPORTS WHAT HAS BEEN EMPHASIZED PREVIOUSLY, THAT DEFENSE SPENDING MUST INCREASE, AND HE ADDS, "PUBLIC OPINION SUPPORT FOR

DEFENSE IS SO GREAT THAT PEOPLE WILL ACCEPT IT."

E) NORDLANDS FRAMTID, BODO, DEC. 7--F-16 PROJECT
DIRECTOR GENERAL JAMES ABRAHAMSON, NOW IN BODO,
SAYS THAT CONSIDERING THE DIFFERENCE BETWEEN 1975 AND
1976 DOLLARS, THE ORIGINAL ESTIMATES FOR THE F-16
STILL HOLD. THOUGH THE GENERAL WAS RELUCTANT
TO COMMENT ON PRICES, HE CALLED THE F-16 PROJECT REASON-
ABLY COMPARED TO OTHER CURRENT PROJECTS, PARTICULARLY
BECAUSE SO MANY PLANES WILL BE BUILT. GENERAL
ABRAHAMSON SAID THE PLANE'S ADVANTAGES INCLUDE LONGER
LIFETIME, LOWER OPERATING COSTS, AND NEW TECHNOLOGY
SUCH AS SPACE-AGE COMPUTERS AND LOOK-DOWN RADAR.
HE ALSO INDICATED THAT THE F-16 WILL PROBABLY HELP
REDUCE NOISE AT BODO AIRPORT BY ABOUT 25 PERCENT,
AND HE HAD HIGH PRAISE FOR THE NORWEGIAN AIR FORCE.
NORWEGIAN GENERAL HAMRE, COMMENTING ON F-16 COSTS
SAID THE DROP IN THE DOLLAR EXCHANGE RATE IS ONE OF
THE CAUSES OF COST INCREASES. IN AN EDITORIAL THE
SAME DAY, NORDLANDS FRAMTID SAID STATEMENTS BY DANISH
POLITICIANS ABOUT THE F-16'S COST MUST BE SEEN AS
COMMENTS ABOUT DANISH INTERNAL AFFAIRS RATHER THAN
ABOUT THE F-16. "IF WE ARE TO HAVE AN AIR FORCE,
THE PAPER SAID, "WE NEED FIGHTER PLANES, AND THE
F-16 WAS IN OUR OPINION A WISE CHOICE."

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F) AFTENPOSTEN, DEC. 7--AT A PRESS CONFERENCE IN BODO, GENERAL ABRAHAMSON SAID STUDIES MADE UP NORTH INDICATE THAT SEVERAL CHANGES WILL HAVE TO BE MADE ON THE F-16 FIGHTERS FOR NORWAY, INCLUDING BREAK FENDERS. THE GENERAL EMPHASIZED THAT THE F-16 IS A HIGHLY ADVANCED, LONG-RANGE, ALL-PURPOSE AIRCRAFT THAT HAS A BIG WEAPONS LOAD CAPABILITY. THOUGH THE MIG-25 FLIES FASTER AND HIGHER THAN THE F-16, HE SAID, THE BIG DIFFERENCE IS THAT THE MIG CANNOT FIGHT. "I KNOW WHICH PLAN I WOULD LIKE TO BE IN A CONFRONTATION," HE SAID.

G) DAGBLADET, DEC. 8-- UNDER THE HEADLINE; "F-16 GENERAL WILL ABIDE BY ARMS EXPORT LAW," DAGBLADET STRESSES COMMENTS MADE BY GENERAL ABRAHAMSON IN AN INTERVIEW THAT PROBLEMS WITH NORWAY'S ARMS EXPORT LAW ON THIRD-COUNTRY SALES OF THE F-16 CAN BE RESOLVED THROUGH COOPERATION. WE HAVE MANAGED TO SUCCESSFULLY MEET GREATER ORGANIZATIONAL CHALLENGES IN THE PROGRAM, UNCLASSIFIED

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HE SAID. "FOR EXAMPLE," HE EXPLAINED, "WE ARE WELL ON OUR WAY TOWARD SOLVING PROBLEMS CONCERNING CURRENCY TRANSACTIONS TO PREVENT A COUNTRY OR A COMPANY FORM QUIETLY ENGAGING IN CURRENCY SPECULATION." GENERAL ABRAHAMSON SAID THAT IN 1975 DOLLARS THE F-16 COSTS THE SAME TODAY AS WHEN THE OFFER WAS MADE TO THE FOUR NATO COUNTRIES. "UNFORTUNATELY," HE SAID, "NEITHER WE NOR YOU CAN CONTROL INFLATION. IN ADDITION, IT IS QUITE APPARENT THAT THE EUROPEAN CO-PRODUCTION PROGRAM CONTRIBUTES TO COST INCREASES BECAUSE A NUMBER OF THINGS ARE MORE EXPENSIVE IN THESE COUNTRIES THAN IN THE U.S." THE GENREAL ALSO SAID, "I WOULD NOT LIKE TO SUGGEST THAT IT IS UNFAIR OF THE NORWEGIAN DEFENSE MINISTER TO SEE THE COST OF THE WEAPONS AS A FACTOR IN THE PRICE INCREASE OF THE PLANE ITSELF. BUT I HAVE YET TO SEE THAT ANY NEWSPAPER, OR THE MASS MEDIA, HAVE MADE IT CLEAR THAT PLANES AND WEAPONS SYSTEMS ARE TWO DIFFERENT THINGS. THE WEAPONS COST WHAT THEY COST, REGARDLESS OF THE TYPE OF PLANE SELECTED TO CARRY THEM. THE WEAPONS' COSTS SHOULD NOT BE INCLUDED IN THE ASSESSMENT OF THE COST OF THE PLANE."

H) AFTENPOSTEN, DEC. 8--IN AN INTERVIEW IN OSLO YESTERDAY, GENERAL JAMES ABRAHAMSON SAID NOTHING

HAS HAPPENED WHICH IMPLIES CONSIDERABLE AND UNEXPECTED PRICE INCREASES IN THE F-16. IN 1975 DOLLARS, THE BASIC PRICE OF THE PLANE IS UNCHANGED. INFLATION AND CERTAIN OTHER FACTORS WHICH WERE EXPLICITLY NOT INCLUDED IN THE PRELIMINARY PRICE HAVE OF COURSE MADE THE FINAL TOTAL PRICE OF THE PLANE HIGHER THAN THE NOMINAL 1975 SUM. BUT THESE ARE FACTORS THAT ALL PARTIES CONCERNED HAVE BEEN AWARE OF ALL THE TIME, HE SAID. "GENERAL DYNAMICS GUARANTEED THAT THE COMPANY COULD DELIVER AN F-16 AT A MAXIMUM PRICE OF 6.09 MILLION 1975 DOLLARS. THIS GUARANTEE IS STILL VALID," HE SAID. GENERAL ABRAHAMSON ALSO STRESSED THAT THE F-16 IS EXPECTED TO HAVE FAIRLY LOW OPERATING COSTS.

I) AFTENPOSTEN, DEC. 8--THE BILL FOR THE F-16 FIGHTER PLANE SHOULD NOT GIVE NORWEGIAN POLITICAL AUTHORITIES A PRICE SHOCK IF ONE HAS TAKEN TIME TO READ THE FINE PRINT OF THE LETTER OF UNDERSTANDING. BASICALLY THERE UNCLASSIFIED

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IS NO PRICE INCREASE EXCEPT FOR INFLATION. AFTER BAD EXPERIENCES IN THE 1960S WITH GENERAL DYNAMICS AND OTHERS OVER PRICE INCREASES, THE U.S. DEFENSE DEPARTMENT DESIGNED COMPLETELY NEW ESTIMATE MECHANISMS WHICH ARE BEING USED IN THE F-16 PROJECT, AND EXPERIENCES FROM OTHER NEW PLANES INDICATE THAT THE NEW SYSTEM WORKS. IT HAS ALSO BEEN CLEAR THAT F-16 PARTS PRODUCED IN THE U.S. WOULD BE CHEAPER THAN THOSE PRODUCED IN EUROPE. THIS MEANS MORE EXPENSIVE PLANES FOR ALL PARTIES, INCLUDING THE U.S. BUT THIS IS THE PRICE THE U.S. HAS AGREED TO PAY FOR THE POLITICAL VALUE OF COOPERATION. IT IS AN INTERESTING QUESTION TO CONSIDER WHETHER OR NOT THE EXTRA COSTS STEMMING FROM THE EUROPEAN SUB-CONTRACTS BELONG ON THE DEFENSE BUDGET. IN REALITY, THIS IS PURE GOVERNMENT SUBSIDY TO MAKE THE F-16 PARTS MARKETABLE. IF THESE SUBSIDIES ARE TO BE CHARGED TO THE DEFENSE BUDGET, THEN FROM A MILITARY POINT OF VIEW IT WOULD BE BETTER TO FORGET CO-PRODUCTION AND BUY CONSIDERABLY CHEAPER F-16S FROM THE U.S.

J) AFTENPOSTEN LEAD EDITORIAL, DEC. 8--THE PARTLY INCORRECT AND HIGHLY EXAGGERATED ASSERTIONS OF PRICE INCREASES LED LABOR MP FORDE TO CALL FOR A REDUCTION IN THE NUMBER OF F-16S. WHAT HE IS REALLY SAYING IS THAT THE NORWEGIAN AIR FORCE SHOULD GO OUT OF BUSINESS AS A COMBAT-READY FORCE...IT WOULD BE A TOTALLY UNACCEPTABLE WASTE OF RESOURCES IF THE AIR FORCE IS NOT LARGE ENOUGH TO PROVIDE THE MINIMUM DEFENSE WHICH HAS BEEN LABORIOUSLY CREATED IN THE POSTWAR PERIOD. THE PARLIAMENT WILL MAKE THE FINAL

DECISION. WHEN IT ORIGINALLY SUPPORTED THE F-16,
ONLY 19 MP'S WERE OPPOSED. THIS CLEAR MAJORITY FOR
A STRONG DEFENSE IS OF GREAT IMPORTANCE. WE INTERPRET
IT AS ONE OF MANY RECENT SIGNALS OF AN INCREASED WILL
TO MAKE THE NECESSARY APPROPRIATIONS TO MAINTAIN A
PROPER STANDARD OF MILITARY EQUIPMENT.

3. FULL TRANSLATIONS BEING MAILED SPO/WRIGHT PATTERSON.
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